



FACTS ON THE FAIR MINIMUM WAGE ACT OF 2012

It has been three years since minimum wage workers saw an increase in their paycheck. Passed by a Democratic Congress in 2007, this increase gave as many as 13 million workers a much needed pay raise after a decade stuck at \$5.15 per hour. Despite this, the real value of the minimum wage today buys less than it did in 1956. In addition, workers who rely on tips haven't seen an increase in their wages since 1991. The required pay for tipped workers, excluding tips, has been stuck at a paltry \$2.13 per hour for 21 years. And, the federal minimum wage doesn't automatically rise with inflation.

It's time to raise the minimum wage.

Rep. George Miller's Fair Minimum Wage Act of 2012 will increase the minimum wage in three 85-cent steps, over three years, from \$7.25 to \$9.80 per hour. The rate will then be indexed to inflation each year thereafter. In addition, the legislation will increase the required cash wage for tipped workers in annual 85 cent increases, from today's \$2.13 per hour until the tip credit reaches 70 percent of the regular minimum wage.

The minimum wage is about valuing and respecting work. Anyone who works hard and plays by the rules should not live in poverty. Yet 47 million Americans now qualify as the working poor. Raising the minimum wage helps families make ends meet.

The minimum wage is about increasing economic growth. By increasing the minimum wage, workers have more money to spend, especially in their local communities. It's simple – increased demand means increased economic activity and more jobs.

The real value of the minimum wage today buys less than it did in 1956. At its peak in the late 1960s, the minimum wage was worth more than half of the average hourly wage of production and nonsupervisory workers; the current minimum wage has fallen to just over a third of average wages.

States with a higher minimum wage than the federal rate have strong economies. Research supports the positive economic impact of raising the minimum wage. A Fiscal Policy Institute study, for example, found that in the 18 states with minimum wages higher than the federal rate, "indicators of economic performance were consistently better" than in other states.

Workers who rely on tips – who are disproportionately women – deserve the first increase in their minimum wage since 1991. Women make up two-thirds of all tipped workers in America and are much more likely to live in poverty. A recent [study shows](#) that states without a higher tipped-wage rate have a 43 percent lower poverty rate than those states that follow the federal rate of \$2.13.

Indexing the minimum wage rate to inflation will give certainty to working families and takes partisan politics out of future increases. Purchasing power for minimum wage workers shouldn't diminish just because future increases are held hostage by partisan politics and powerful special interests.